

New Hampshire board of accountancy

Newsletter WINTER 2001-2002

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THE BOARD OFFICE HAS MOVED

The Board office has moved, the new address is:

**Waverly Square I
6 Chenell Dr. Ste 220
Concord, N.H. 03301**

The new location is just down the road from our old location, offering the Board additional space and better accommodations. The move date was 12/28/00. Any correspondence sent after 12/30/00 should be sent to the new address.

STATUTORY CHANGES AND BOARD POLICY

With the enactment of RSA 309-B; "The Accountancy Act", several new provisions were instituted. These were outlined in our Spring 1999 Newsletter. Since that time many licensees and firms have addressed the Board with questions and concerns. This newsletter will respond to some of those queries and will include the Board's response.

EXPERIENCE

"WHAT QUALIFIES AS ACCEPTABLE EXPERIENCE"

Experience which shall qualify as under RSA 309-B: 5 IX, shall be earned under the direction of a licensee in any state in practice as a certified public accountant or as a

EXPERIENCE CON'T

public accountant in public accounting. However; experience earned from a two-tier state will not be accepted unless the candidate earned the experience under a CPA who holds a license to practice public accounting. A two-tier state is one in which a candidate who passes the exam in that state is awarded a certificate; but cannot practice public accounting until such time the applicant applies and is awarded a license to practice. A candidate for certification must earn two full years of public accounting with a bachelors degree or one full year with a Masters in Business Administration, Taxation, Finance or Accounting. Within the two years a candidate must earn a minimum of 3000 hours, in some designated skill/s. For a candidate with a Masters Degree the hours of designated skills will be 1500. The designated skills include: auditing, review, compilation, management advisory, financial advisory, consulting, preparation of tax returns, or the furnishing of advice on tax matters. The experience may be earned in one or a combination of the designated skills. Experience earned in foreign countries must be obtained while employed in a public accounting firm working under the direct supervision of a Certified Public Accountant from United States, a Chartered Accountant from Australia, Certified Public Accountant from Australia, or a Chartered Accountant from Canada. The NH Board does not recognize any other designations from any other countries at this time.

WILL CPA GRADES FROM OTHER STATES BE ACCEPTED IN NH

Any individual who applies to the NH Board for certification after passing the exam in another state needs to ensure that they have passed the exam according to the provisions in effect in NH at the time the individual sat in the other state. The majority of states have the same requirements for passing the exam but some states have substandard passing requirements which allow candidates to "bullet" the exam. This means that the state allows you to sit for only two parts at a time, which is not in compliance with the Uniform Accountancy Act or NH requirements.

APPLYING FOR LICENSURE AND CERTIFICATION

There are several ways in which to apply for certification. The first is by exam. If an applicant sat and passed the examination in New Hampshire, the applicant must provide written verification of experience, (either the one year with a masters or two with a bachelors) and three reference letters from individuals who have known the applicant for three or more years who are not related or employers. If an individual has taken the examination in another state, we will need an "Authorization for Exchange of Information", which will verify the exam grades from the other state.

CERTIFICATION AND LICENSURE CONT.

If an applicant sat for the exam in another state and was certified in another state as well, then the applicant applies for "reciprocity". It is the policy of this Board that even with the substantial equivalency provision in place, the applicant must still provide documentation of compliance with examination, experience and education provisions. Additionally, the same "Authorization for Exchange of Information" must be submitted along with the experience, reference letters and college transcripts. If an applicant has sat for the exam and has obtained certification from another state and passed the exam in a state that is not equivalent to New Hampshire, then the individual must meet the 4-10 provision. This 4-10 provision allows a CPA from another state who did not pass the exam according to NH's standards to be considered for certification in NH if that applicant has earned at least 4 years of experience outside of this state, after passing the exam upon which the applicant's certificate was based and within the 10 years immediately preceding the application. If an individual has passed the examination and obtained certification from a two-tier state, (a state that issues a certificate after passing the exam, but does not allow the individual to practice public accounting without a license, which is issued after proof of appropriate experience) this certificate is not valid in NH as a reciprocity certificate unless that individual provides the Board with evidence of appropriate experience. Applications for the examination and re-exam are available on-line, applications for certification will be available on-line in the near future.

CONTINUING PROFESSIONAL EDUCATION (CPE)

There have been many inquiries regarding acceptable continuing education. We encourage licensees to contact this Board before taking any questionable education for the continuance of your license. The staff

CPE CONTINUED

at the office will answer your questions regarding required hours and help you in determining acceptable CPE. What the staff cannot do is pre-approve any CPE. Since the law now allows the acceptance of commissions, a lot of licensees are taking the tests for Series licenses. These courses are generally not acceptable for continuing education because they are considered self-study and the program sponsor does not provide the user with a certificate of completion. This precludes the acceptance of these types of courses. Licensees should also be aware of the new ethics requirement. Licensees are required to obtain four hours of ethics every three years. If a licensee obtains eight hours of ethics, the additional four hours can be used towards the full 120 but the extra four hours cannot be carry-forward to fulfill the ethics requirement for next renewal period. For your information, the following are the renewal expiration dates: A-F expires 6/30/2002, G-M expires 6/30/2003 and N-Z expires 6/30/2001. The renewals were on-line for those individuals who renewed 6/30/2000 and will be on line for all subsequent licensing periods. A postcard notification will be sent to all licensees who are due to renew and if licensees are unable to obtain the forms on-line, contact the office and we will send the forms.

FIRM PERMITS TO PRACTICE

In accordance with NH statutes, all "firms" who provide attest services or use the CPA designation must hold a permit to practice. This requirement does include sole-practitioners as well as partnerships, corporations, LLC's, LLP's or any other legally authorized entity practicing public accounting. Currently these permits are initially issued and renewable on an annual basis. _

USE OF CPA DESIGNATION IN PRIVATE INDUSTRY AND PUBLIC ACCOUNTING

USE OF CPA DESIGNATION CONTINUED

It is the intention of this policy to clarify the use of the Certified Public Accountants designation in both public and private practice and to distinguish prohibitions between holding certification in another state, holding a certificate in NH and the policy regarding the use of that designation in those cases.

An individual who has obtained a certificate from NH and who maintains that certificate through renewal may use the designation without restrictions.

An individual who has obtained a CPA certificate from NH, but has let that certificate lapse due to failure to renew is prohibited from using the CPA designation in any form.

An individual who has a certificate from NH but has let that license lapse due to retirement may still use the CPA designation, provided that the word "retired" follows that CPA designation.

A CPA from another state and who is domestically located in this state, and who does not have a valid NH certificate may not use the CPA designation in any form while providing public accounting services without first obtaining a valid NH certificate.

A CPA from another state who is domestically located in this state, and who has a valid certificate and or license to practice from that state may use the CPA designation in private industry only, provided that the individual identifies what state that individual is certified in. If this individual wishes to practice public accounting the individual is then required to obtain a NH certificate.

HOW DOES THE BOARD HANDLE COMPLAINTS?

As a state agency responsible for protecting the public interest by monitoring the performance of licensees, the Board reviews and investigates all alleged violations of the New Hampshire Accountancy statutes.

COMPLAINTS CONT.

Upon receipt of a complaint or other information suggesting violations of the NH statutes, the Board may conduct investigations to determine whether there is probable cause to institute proceedings; however, if the Board feels they can resolve an issue without the aid of an investigator, they will forward a letter of inquiry to the licensee requesting that the licensee respond to the allegation/s listed in the complaint.

This initial contact between the Board and the licensee is crucial because it can set the tone in which the duration of the complaint is handled.

It is a mistake on behalf of the licensee to fail to respond to the Board's inquiry. Failure to cooperate with the Board at this level only creates more problems.

If the complaint is from a third party (an entity or individual separate from the Board) the Board may appoint an investigator to gather information about the alleged violations and the investigator will file a report with the Board. The primary function of the investigator is to determine the facts surrounding the case and to report those facts to the Board. The specific recommendations include the following: 1) to close the matter; 2) expand the investigation's scope; or 3) to institute proceeding for a public hearing. The investigator may also propose a settlement agreement, if appropriate. The Board then reviews the facts in the case as presented by the investigator and will adopt one of the above options.

The investigator, once appointed, will then contact the parties involved. A licensee should not be alarmed if an investigator contacts them. For the initial investigation the investigator is generally just seeking information or clarification of information that the Board has received. It does not mean that the Board presumes that the licensee has violated any statute.

COMPLAINTS CONT.

Cooperating with the investigator can bring resolution to the issues satisfactory to all parties. In the case of a settlement agreement, the investigator will propose appropriate recommendations to the licensee, and they will then be presented to the Board for final approval.

The majority of cases, except those which are closed by the Board, are settled in this manner.

If a complaint cannot be resolved by a settlement agreement, a public hearing is scheduled.

CLIENT RECORDS

In accordance with RSA 309-B:19, "Licensees Working Papers and Clients' Records," if a client requests the return of their records, these records must be returned to the client without delay, unless there are circumstances for the delay. For example; a delay would be reasonable if the records must be retrieved.

Statements, records, schedules, working papers, and memoranda made by a licensee or a partner, shareholder, officer, director, manager or employee of a license, incident to or in the course of, rendering services to a client are the property of the licensee, except for those records that are part of the clients records.

Work papers are generally the property of the CPA and need not be surrendered to the client. However, some work papers may contain data which should be reflected in the client's books and records, but have not been duplicated nor provided to the client. Therefore, the client's records are incomplete without these records.

In such cases, the work papers that contain this information are considered part of the client's records and copies should be given to the client along with any other client records.

CLIENT RECORDS CONT.

Examples of papers that should be considered part of the clients records that may be prepared or partially prepared by the licensee and should be made available to the client are depreciation schedules, pensions schedules, adjusting journal entries, etc. All records considered as part of the client records must be returned to the client regardless of any outstanding bills due to the licensee.

The licensee may charge duplicating fees for any records copied which have been previously given to the client, but original client records must be supplied to the client.

COMMISSIONS, CONTINGENCY FEES AND DISCLOSURE.

Pursuant to RSA 309-B: 14, a licensee shall not accept a commission when that licensee also performs for that client the attest function which includes audits, reviews, and compilations of financial statements. In the instance where a licensee is only performing a compilation of a financial statement and the licensee believes that the compilation will go to a third party, the licensee is prohibited from accepting any form of a commission. If the license finds that there is a commission involved and believes or reasonably believes that the compilation will not go to a third party, then the licensee has the ability to accept the commission if the licensee properly discloses a lack of independence.

The Board's recommendation to licensees who find themselves in a position of receiving a commission in accordance with the statute and issuing a compilation where the licensee believes that the report is not intended for a third party, then the licensee should stipulate in the engagement letter that the compilation is **not intended** for use by third parties and that the licensee is **not independent**.

**USE OF THE TERMS
“& COMPANY” AND
“& ASSOCIATE/S” BY FIRMS OR
SOLE PROPRIETORS**

The Board would like to clarify its position on the use of business names which include the title “& Co”, “& Company” or “& Associate” or “& Associates”.

With more firms forming their businesses as Limited Liability Company’s and Limited Liability Partnerships it has become advantageous to allow sole proprietors to use the “& Co.” after their name. In the instance of the use of “& Associate”, a CPA must have a minimum of one other individual on staff. It is not required that the associate be another CPA or licensee. In the same manner, when a licensee uses “& Associates”, he or she must have more than one other individual on staff.

Firms must comply with the Secretary of States office for the registration of business names.

Furthermore, when a firm modifies its name, address or any other change, it must report these changes to the Board. If a firm changes its name it may use the previous firm registration form, make the necessary changes on a copy of that form, and submit to the Board within 30 days after the change.

PROCTORS NEEDED

The NH Board of Accountancy administers the AICPA CPA exam and has recently witnessed an increase in the number of candidates taking the exam. The exam is given the first Wednesday and Thursday in May and November of each year. The duties of a proctor include, but are not limited to, setting up exam site, monitoring the candidates during the exam, collecting and reconciling exam materials and assisting the head proctors in any other duties that may occur.

PROCTORS CON’T

If anyone is interested in acting as a proctor for the exam, please contact the Board office. The current rate of compensation is \$150 a day.

EDUCATION REQUIREMENT

The Board would like to clarify the educational requirements for taking the CPA exam. The current statute requires that an applicant applying for entrance into the CPA exam possess a bachelors degree with a minimum of 24 semester credits of business with a least 12 hours of accounting within the 24 hours of business. If an applicant has more accounting, he/she can use those hours towards the business requirement; however, additional business hours cannot be used towards the accounting hours. Any candidate with a foreign degree must have that degree reviewed by an evaluation company approved by this Board. The Board requires a course breakdown with an equivalent degree statement included. The Board does not sponsor one approved evaluation company over the other; however, we have found that World Education Services provides a quick turn around time in the format acceptable to the Board and is responsive to the applicants individual needs. The phone number and additional information can be found on the Boards Website.

The Board does not currently have as part of its statutory requirement the 150 hour requirement nor does it plan on instituting the 150 hour requirement in the near future.

**EXAMINATION APPLICATION
PROCEDURES AND DEADLINES**

An applicant wishing to apply for the CPA exam must file a completed application, which includes a transcript evidencing compliance with the education requirement, two passport photos, the fee, and application filled out in its entirety and

**APPLICATION FOR EXAM
CON’T**

notarized by a Justice of the Peace or a Notary Public. The Board’s Executive Director is a Justice of the Peace and can notarize applications. The deadline for applying for the May exam is March 15th and the deadline for the November exam is September 15th. Please do not necessarily wait until those dates to apply or re-apply, because it is helpful to the staff to obtain the expected exam attendance as soon as possible. Applications for first time applicants and re-examination candidates can be downloaded from the Boards Website.

When an applicant applies for the CPA exam, the application and transcript are reviewed for compliance with the education requirements. Once the eligibility has been determined, the candidate is entered into the computer system and a candidate ID number is assigned. That number is used throughout the entire exam process. Once the deadline has passed, exam acceptance letters and informational material is sent to all accepted exam candidates. The candidate ID card is not included in the exam information because it is presented to the candidate at the exam. The staff is currently investigating alternatives to the candidate ID card and may provide the candidate with an actual photo ID. We will keep candidates apprised of our progress.

If a candidate applies for the exam and withdraws for any reason prior to April 1st for the May exam and October 1st for the November exam, he/she may receive a full refund. If a candidate withdraws after those dates, there must be evidence of hardship in order to receive a refund.

**PLEASE WATCH FOR FUTURE
UPDATES ON THIS
NEWSLETTER AND THE
EXPANSION OF THIS WEBSITE**